

Remarks:

1. Claims 1-24 are rejected under 35 U.S.C. 102(e) as being anticipated by Nehl et al. (US Patent 6,720,763).
 - a. Regarding Claim 1, Nehl discloses a magnet (disk or ring shaped), a soft-magnetic outer core, and a constant-length airgap in-between the magnet and the outer core. Schematic flux lines are shown in Nehl, e.g. in Figs. 2a and 2b. These flux lines 22 are parallel to one another within the magnet (and parallel to the direction of the magnet magnetization), still essentially parallel to that direction of magnetization within the airgap, then the magnetic flux uses the soft-magnetic outer core for a return path. The return flux lines are channeled through the magnetic outer core of Nehl. The sensors are located in the airgap, not in the outer core, therefore the sensors are not in the return flux path. As the magnet rotates, the main flux will alternate between positive, negative, and zero values, but the sensors are always located in the main flux path. In addition, the flux lines of Nehl that would pass through the sensors do not leave the ring magnet from one surface and return to a second surface as is recited in applicants' claim. For at least these reasons, applicants contend that the claims of the instant application are not anticipated by Nehl et al.
 - b. Regarding claims 2-8, as these claims depend directly or indirectly from claim 1, for at least the reasons cited above in 1(a), applicants contend these claims are in condition for allowance.

- c. Regarding claim 9, the same arguments concerning the placement of the sensor that are made in point 1(a) above apply. Therefore, applicants contend that claim 9 is in condition for allowance.
- d. Regarding claims 10-16, as these claims depend directly or indirectly from claim 9, for at least the reasons cited above in 1(c), applicants contend these claims are in condition for allowance.
- e. Regarding claim 17, , the same arguments concerning the placement of the sensor that are made in point 1(a) above apply. Therefore, applicants contend that claim 17 is now in condition for allowance.
- f. Claim 18 has been amended in accordance with adding the limitation of the ring magnet to Claim 17.
- g. Regarding claims 18-24, as these claims depend directly or indirectly from claim 17, for at least the reasons cited above in 1(e), applicants contend these claims are in condition for allowance.

Applicants appreciate the Examiner's thorough examination of the instant application.

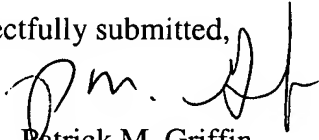
Applicants believe that the application is now in condition for allowance and look forward to a timely Notice of Allowance.

Appl. No. 10/754,026
Amdt. Dated
Reply to Office Action of November 8, 2006

Although no fees are believed due, the Commissioner is authorized to charge our Deposit
Account No. 50-0831 for any fees or credit the account for any overpayment.

Respectfully submitted,

By



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